

VZCZCXYZ0001
PP RUEHWEB

DE RUEHMO #3181/01 3031436
ZNR UUUUU ZZH
P 291436Z OCT 08
FM AMEMBASSY MOSCOW
TO RUEHRC/USDA FAS WASHDC PRIORITY 5397
RUEHC/SECSTATE WASHDC PRIORITY 0554
INFO RUEHVI/AMEMBASSY VIENNA 4674
RUEHBS/USEU BRUSSELS
RUEHGV/USMISSION GENEVA 5226

UNCLAS MOSCOW 003181

SENSITIVE
SIPDIS

USDA FAS FOR OCRA/KUYPERS; ONA/SALLYARDS, MURPHY
- OSTA/HAMILTON, BEAN
PASS FSIS/JONES, DUTROW
STATE FOR EUR/RUS
STATE PASS USTR FOR PORTER, KLEIN
BRUSSELS PASS APHIS/FERNANDEZ
VIENNA PASS APHIS/TANAKA
GENEVA FOR USTR

E.O. 12958: N/A

TAGS: [EAGR](#) [ETRD](#) [ECON](#) [WTO](#) [RS](#)

SUBJECT: RUSSIAN VET SERVICE GOES RENEGADE

REF: A) MOSCOW 1826, B) HANSEN/DUTROW EMAIL, C)
MOSCOW 2949, D) MOSCOW 2788, E) MOSCOW 2204

SENSITIVE BUT UNCLASSIFIED

¶1. (SBU) SUMMARY: The Russian Federal Veterinary and Phytosanitary Surveillance Service (VPSS) informed via official letter that it will no longer accept certifications from the USDA Food Safety and Inspection Service (FSIS) that U.S. importers meet Russia's sanitary norms and are authorized to export meat, poultry and pork to Russia. The VPSS refusal to accept FSIS certifications violates the side letter agreement on meat and poultry plant inspections which was signed as part of the U.S.-Russia bilateral WTO market access agreement in November 2006. VPSS has also asked FSIS to provide a list of U.S. poultry facilities that do not use chlorinated anti-microbial washes during chilling, in light of the implementation of resolution 33, which bans such practice as of January 1, 2009 (REF A). The VPSS letter notes that the GOR is available after November 20 to consult with the U.S. side regarding the side letter agreement on meat/poultry inspections and other relevant issues. We view the renewed threat to impose a ban on chlorine-treated chicken as a Russian attempt to gain negotiating leverage in advance of the next round of consultations on the meat/poultry quotas under the 2005 U.S.-Russia Meat Agreement. If Russia did impose such a ban, it would likely result in major shortages of chicken in Russia and lead to an inflationary spike in food prices in 2009. END SUMMARY.

VPSS Letter Rejects FSIS Certifications

¶2. (SBU) The original scanned copy and courtesy translation of the VPSS letter were sent to FSIS on October 28 (REF B). An informal embassy translation of the VPSS letter follows.

¶3. (SBU) BEGIN TEXT:
Moscow, October 24, 2008

Assistant Deputy Administrator
USDA Food Safety and Inspection Service (FSIS)
Dr. William James

The Federal Service for Veterinary and Phytosanitary Surveillance (FSIS) renders its respect to the USDA Food Safety and Inspection Service (FSIS). In response to your letters dated September 25, 2008 and September 26, 2008 concerning amendments to the list of U.S. plants certified for shipping pork, beef and poultry meat to the Russian Federation, I inform you of the following:

During signing of the exchange letter (Side Letter agreement) regarding inspection and certification of U.S. plants on November 19, 2006 in Hanoi, the American and Russian sides accepted to abide by relevant obligations. Under those obligations FSIS was granted the ability to add new U.S. plants to the list of eligible exporters by certifying that they meet the requirements of the Russian Federation.

VPSS agreed to add most of the above-mentioned poultry, pork, and beef plants to the list of U.S. facilities that are eligible to export products to the Russian Federation (under FSIS guarantees).

However, as was demonstrated during recent joint inspection of the U.S. plants, it became obvious that the plants did not comply with the Russian veterinary and sanitary requirements.

Thus, 70 enterprises out of 152 livestock plants inspected in 2007-2008 were removed from the approved list of the U.S. plants eligible to export products to Russia roughly - 46.5% of the total.

In addition it was detected in the course of the joint inspection of U.S. poultry plants in 2008 that certain inspected plants were not complying with the Russian-American criteria for processing enterprises supplying poultry meat to the Russian Federation.

Thus, the majority of the plants visited did not meet the requirements for anti-mortem examination of birds:

- Anti-mortem examination of chickens was conducted in a random manner instead of inspecting each arriving batch;
- Plant employees only keep a record of dead chickens which are later reported to the representatives of the US government veterinary service. The dead chickens are not opened up or sent for lab testing;
- Chemical-toxicological characteristics pertaining to arsenic content in poultry are higher at certain plants in the United States than is stipulated in Russian standards;
- Carcass chilling requirements were not met;
- Temperature in cut-up and packing areas do not correspond to the standards defined by the Russian-American criteria;
- Sequence and isolation of production areas are not met;

- At plants where veterinary and sanitary evaluation is conducted in accordance with HIMB system, USDA veterinarians do not examine internal organs. This does not comply with point 4.7 of the veterinary certificate for export of poultry into the Russian Federation;

- There were instances when storage temperatures and sanitary conditions of refrigeration chambers were violated.

A large number of U.S. plants do not take measures to address deficiencies and comments made in the course of previous audits.

In addition, over the period of 2008, inspectors of the U.S. government veterinary service made repeated violations when filling out veterinary documentation that accompanied livestock products (poultry, pork) shipped from the United States to Russia.

As a result, numerous discrepancies were detected during routine border veterinary control regarding the information declared on veterinary certificates, i.e. mismatch of a container numbers, plant numbers, name of products, manufacturing dates, and weight of products. It was also noted that a certificate indicated only one manufacturing enterprise while in fact the container was filled with products from several enterprises. This indicates a serious lack of control of the U.S. veterinary service over livestock products shipped to the Russian Federation.

Therefore, these facts indicate that the U.S. side does not meet the terms of the side letter agreement on inspections signed in Hanoi on November 19, 2006. FSIS has a nonchalant attitude in certifying enterprises and making them eligible to export meat and raw meat products to the Russian Federation. FSIS also sends false assurances to VPSS regarding enterprises that do not fully meet the Russian-American criteria.

In this connection, VPSS cannot accept assurances of the U.S. side regarding meat and poultry exporting enterprises. U.S. meat and poultry plants will only be added to the list of eligible exporters to Russia after joint inspections of those facilities takes place which include Russian veterinary experts.

In this connection, it is necessary for FSIS to review at its own discretion the data available and remove enterprises that do not meet the Russian-American criteria from the lists of the U.S. meat processing enterprises manufacturing beef, pork and poultry eligible to export their products to the Russia. In addition , please send this information to VPSS.

Simultaneously, we inform you that the list of the U.S. poultry plants must be updated in light of resolution 33 signed by the Chief State Sanitary Inspector of the Russian Federation dated June 6, 2008 titled, "On Poultry Production and Circulation" (attached). In accordance with this resolution, as of January 1, 2009, application of solutions for chicken carcass treatment containing chlorine levels exceeding the requirements set by SanPin 2.1.4.1074-01 will be prohibited. Resolution 33 is titled, "Potable Water Hygienic Requirements to Quality of Water in Centralized Potable Water Supply System. Quality Control" (registered by the Russian

Ministry of Justice on October 31, 2001, No. 3011).

Finally, as was already mentioned in VPSS letter FS-HB-2/9932 dated October 1, 2008, VPSS is ready to hold consultations to address all of the issues above in Moscow anytime after November 20, 2008.

Dr. James, accept my assurances in the deepest respect.

Deputy Head
A.I. Saurin
END TEXT.

Threatened Ban on Chlorine-Treated Chicken

¶4. (SBU) The VPSS letter means that no additional facilities will be allowed to import meat, pork and poultry to Russia unless they have undergone a joint physical inspection by FSIS and VPSS that establishes to VPSS' satisfaction that the facility meets Russia's sanitary and safety norms. With inspections and audits currently only occurring once a year, some new facilities could wait several months before they would be authorized to ship to Russia. We do not believe that the latest letter will have any impact on facilities that are currently authorized to ship product to Russia, though we are currently attempting to confirm this understating with VPSS officials.

¶5. (SBU) We view the VPSS request for a list of U.S. poultry facilities that do not use chlorinated anti-microbial washes as an attempt to hold a "Sword of Damocles" over U.S. importers and trade negotiators in the run-up to the next round of consultations on the meat/poultry quotas under the 2005 Meat Agreement. Since the vast majority of U.S. poultry producers use chlorinated antimicrobial washes to kill foodborne pathogens before the product reaches consumers' plates, a ban on chlorine-treated chicken would effectively prevent the export of U.S. poultry products to Russia. Russian poultry producers are also expressing concern with the new resolution. Domestic industry contacts informed Post that roughly half of all domestic poultry producers use chlorinated antimicrobial washes in their facilities, although most will not publically admit it. Many put labels on their product stating that it is "chlorine free" when, in fact, it is not.

¶6. (SBU) In late July 2008, representatives of the U.S. poultry industry signed (under duress) a memorandum of understanding with their Russian counterparts in Moscow which requires the U.S. poultry industry to forego 17 percent of its share of Russia's 2009 tariff-rate quota (REF E). In exchange, the U.S. industry received assurances that the proposed ban on using chlorine in poultry production would be rescinded. The fact that the latest VPSS letter requests an updated list of U.S. poultry facilities that do not use chlorine in poultry production insinuates that the ban will indeed be implemented as planned, and those facilities that use chlorine will be shut out of the Russian market.

COMMENT

¶7. (SBU) We are skeptical that Russia would actually implement a ban on chlorine-treated chicken, because it would inevitably lead to an inflationary spike in food prices in Russia. Domestic producers only meet around 55% of the current consumer demand for chicken in Russia. The major poultry exporters to Russia (the United States and Brazil) chill slaughtered chicken with a chlorine-water solution that would run afoul of the ban. In addition, the EU is not currently producing enough chicken to meet internal EU demand, and EU poultry prices are in any event too high to be competitive in the Russian market.

¶8. (SBU) This is the first time that VPSS has explicitly stated that it will not abide by the side letter agreement on plant inspections signed as part of the U.S.-Russia WTO market access agreement in November 2006. The letter confirms that protectionist elements within the Ministry of Agriculture are intent on protecting the domestic agriculture sector and delaying or derailing Russia's WTO accession. As we continue to engage with Russian officials on the accession, we will emphasize that other senior officials and ministries, including the Ministry of Economic Development, need to manage the accession process more coherently and rein in these protectionist elements within the GOR. During the next WTO multilateral working party meeting in Geneva, we also recommend that USTR and USDA representatives discuss with Russian trade negotiators our concerns with the recent protectionist letters from VPSS. Likewise, any meat/poultry quota reached during consultations should be contingent on Russia's agreement not to implement trade-restrictive sanitary and phytosanitary measures, including 'esolution 33.

BEYRLE